

SURPLUS INDUSTRIAL PROPERTY

**DEFENSE REUTILIZATION
AND
MARKETING SERVICE**

**REQUEST FOR TECHNICAL PROPOSALS
STEP ONE OF TWO - STEP SOLICITATION**

**REQUIREMENTS AND CRITERIA
FOR
TECHNICAL PROPOSALS**

PROPOSAL RECEIPT DEADLINE:

AUGUST 14, 1997, 4:30 PM EDT

SURPLUS INDUSTRIAL PROPERTY

**REQUIREMENTS AND CRITERIA
FOR
TECHNICAL PROPOSALS**

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I. EXECUTIVE SUMMARY

The Defense Reutilization and Marketing Service (DRMS) is planning to offer current and future generations of specified surplus property on a "proceeds sharing" basis. Those assets surviving the reutilization, transfer, and donation (R/T/D) process will become available for Contractor removal. The contract will provide exclusive access to this material for sixty (60) months, subject to both DRMS's and the Contractor's option to cancel the contract earlier if the Contractor does not achieve an objective minimum performance threshold. Property locations include multiple Department of Defense (DoD) Installations throughout the Continental United States.

This initiative supports the Government's focus on partnering with industry. Under the Draft Invitation For Bids (Draft IFB) attached, DRMS will provide the Contractor exclusive rights to the property in the Federal Supply Classifications (FSCs) listed in Table IV-1 of the Draft IFB and obtain a share of all net proceeds obtained upon resale. Ideally the Contractor will increase the value of the material. In view of this concept, the Government anticipates that this business arrangement will provide benefit through more effective marketing, higher profits and an increase in net sales proceeds to the U. S. Treasury.

This sale will be conducted using a Two-Step sealed bidding process consisting of two distinct steps: (1) solicitation, submission, and evaluation of technical proposals to determine acceptability; and (2) issuance of an IFB only to those firms that submitted acceptable technical proposals under Step One.

Accordingly, you are invited to submit a technical proposal WITHOUT BID PRICES OR BID DEPOSIT in accordance with the Requirements and Criteria for Technical Proposal contained in the Request for Technical Proposals (RFTP) No. 99-7005, for the item described in the attached Draft IFB. The Draft IFB is provided for information only and is not to be completed or submitted with the technical proposal. The RFTP identifies how the technical proposal is to be organized, evaluation factors and specifics on the Business Plan and Operational Plan required to be included in

the proposal. Unless otherwise indicated, capitalized terms are defined in the Draft IFB.

Bidders are advised to submit technical proposals that respond to the requirements of the RFTP and are complete without additional explanation or information, since the Government may make a final determination whether a proposal is acceptable or unacceptable solely on the basis of the proposal as submitted and proceed directly with the second step of this sale without requesting or permitting the submission of further information from any bidder.

The Request for Technical Proposals is not binding on the Government and does not in any way commit the Government to pay for any costs incurred in the preparation and submission of the requested technical proposal nor does it commit the Government to contract for the property described in the Draft IFB. Proposed contractual requirements (e.g., terms and conditions) will be contained in the IFB actually issued under Step Two and are provided in the attached Draft IFB for information purposes only.

There will be a Bidders' Conference for all prospective bidders, as follows:

Date: July 23, 1997
Time: 10:00am - 4:30pm
Location: Clarion Hotel
6810 N. Mannheim
Rosemont, IL 60018
800-252-7466 -or- Direct 847-297-8464
Hotel is approximately 10 minutes from ORD;
courtesy shuttle bus runs every 15 minutes

Reservations for the Bidders' Conference are not required. You are encouraged, however, to deliver to DRMS, to the address below no later than July 14, 1997, written notification of your plan to attend, and of the number of persons who plan to attend on behalf of your organization. This will enable DRMS to arrange adequate facilities for the conference.

Bidders are encouraged to submit any questions or requests for further information about this RFTP or the Draft IFB in writing to the address below no later than July 16, 1997. DRMS will respond to all such written inquiries at the Bidders' Conference and, shortly after the conference, DRMS will provide to all prospective bidders DRMS's written responses to all such questions submitted in writing and those raised in person at the conference.

Bidders' notifications regarding attending the Bidders' Conference, and all questions or requests for further information about this RFTP or the Draft IFB, should be submitted to:

Defense Reutilization and Marketing Service (DRMS)
Federal Center, Room 2-3-72
74 Washington Avenue N.
Battle Creek, MI 49017-3092
ATTN: Cheri Reece
Voice: (616) 961-7220
Facsimile: (616) 961-4162
E-mail: CREECE@DRMS.DLA.MIL

Each bidder shall submit two copies of its technical proposal to:

Defense Reutilization and Marketing Service (DRMS)
Federal Center, Room 2-3-72
74 Washington Avenue N.
Battle Creek, MI 49017-3092
ATTN: Cheri Reece

Your technical proposal must be received no later than August 14, 1997, 4:30 PM EDT.

II. REQUIREMENTS AND CRITERIA FOR TECHNICAL PROPOSALS

A. FORMAT. To maximize efficiency and minimize the proposal evaluation process, each bidder shall submit its technical proposal in accordance with the format provided below. It is believed that sufficient latitude is provided such as not to prejudice or limit the comprehensiveness of the proposal.

Each bidder shall submit only one technical proposal (three copies) in response to this solicitation subject to the following requirements and limitations:

- Title Page: "Unpriced Technical Proposal". The title page of each technical proposal shall include: (1) the solicitation number of the Request for Technical Proposal; (2) the company name of the bidder; (3) the bidder's position regarding disclosure of proprietary or similar proposal data.
- A table of contents, identifying the major sections of the total proposal as set forth below, by volume (if applicable) and by page, shall be placed in the front of each volume.
- The unpriced technical proposal shall be bound in notebooks to permit removal of sections for the purpose of separate evaluation. The company name of the bidder shall appear at the top of the first page and at the top or bottom of every page other than within an Appendix. Each page of the proposal that contains company proprietary data shall so state.

The technical proposal is the primary basis for the evaluation of: (a) the degree to which the bidder's claims of performance capacity are supported, and (b) the ability of the bidder to perform in accordance with the requirements. The technical factors to be considered are those discussed herein.

Bidders are cautioned to pay particular attention to the following factors in preparing their technical proposals and provide sufficient detail in those proposals to demonstrate their

complete understanding of the scope of the work involved, including the requirement to comply with all federal, state, and local laws and regulations.

The technical proposal shall be so detailed, specific and complete as to enable Government personnel to make a thorough evaluation of the proposal and a sound determination that the proposal will have a reasonable likelihood of meeting the requirements and objectives of the Government. These objectives are to increase net proceeds to the Government on sale of these items while complying with all applicable federal, state and local laws and regulations. The technical proposal shall clearly and fully demonstrate that the prospective bidder has the intent and capability of adding value to and increasing the resale price of the Property. General statements to the effect that the prospective bidder understands and can or will comply with all federal, state, and local laws and regulations, phrases such as "Standard Procedures will be used," or "Well-known techniques will be utilized," and generalities of textbook theories and techniques, will not constitute compliance with these requirements concerning the content of the technical proposal.

The following technical proposal organization is required to facilitate the technical evaluation:

- I. TITLE PAGE
- II. TABLE OF CONTENTS
3. EXECUTIVE SUMMARY
- III. OPERATIONAL PLAN
4. BUSINESS PLAN
- IV. LIST OF APPENDICES

B. EXECUTIVE SUMMARY. The executive summary should highlight the bidder's approach, and should summarize the key capabilities and general features of the bidder's resources, its financial capacity, its experience and its understanding of the business and the operational efforts required by this solicitation.

C. OPERATIONAL PLAN. Provide a description of your technical approach that demonstrates the capability to market, transport, store and add value to the material, as well as the quality assurance practices planned to ensure compliance with all federal, state, and local laws and regulations. The technical approach should additionally address the following:

1. Procedures Demonstrating Capability. Provide procedures to be followed when performing under the contract, including how the bidder will market, transport, store, add value to and increase the resale price of the property. This should include an explanation of how the property itself will be enhanced, as well as what types of creative resale methods should be used. The procedures should be described in sufficient detail to demonstrate the bidder's ability to meet the time frames in the contract and to demonstrate the bidder's understanding of the scope of the work effort required and the degree of difficulty involved.

2. Removal and Facilities/Storage. Provide a plan showing how the bidder proposes to handle the removal of property. The plan should provide sufficient detail to meet the removal and sale deadlines under the contract. Describe the planned arrangement of facilities to accommodate the flow of property. Include sufficient information to provide a detailed understanding of how the inventory flow will be incorporated into the proposed facilities (i.e., when property will be stored, where and for how long), and how property covered under this contract will be readily identifiable as formerly Government surplus property. Describe how the bidder plans to work and interact with DRMS personnel at individual DRMOs, especially at the inception of the contract.

3. Safety Procedures, Licenses, Permits. Provide a plan for compliance with safety procedures required by appropriate OSHA standards, and describe how you intend to obtain any necessary licenses and permits.

4. Accountability. Provide a plan for maintaining accountability of property that has been removed from the DRMO or other Government installation to meet the requirements of the contract, including but not limited to:

- (i) Tracking all financial proceeds by Line Item generally, and specifically when
 - (a) Line Items are bundled for sale into larger lots;
 - (b) Line Items are broken down for sale into smaller lots;
 - (c) Line Items are improved for sale with capital expenditures;
 - (d) Line Items are physically altered for sale into more than one separate lot (e.g., certain parts

removed and marketed separately with the remains sold as scrap or otherwise).

- (ii) Tracking physical inventory, its location, its sale status, its abandonment status, its return status, any physical alterations or modifications, identification of the resale purchaser, proceeds received and costs expended.

5. **Internal Controls.** Provide a plan for quality control (internal controls) regarding property removal, accountability, transport of property, financial flows, and other applicable parts of your technical proposal and the requirements of this contract.

6. **Start-up Period.** Provide a plan for handling the initial three to six month start-up period at the inception of the contract, including any logistical issues that you anticipate with respect to establishing procedures and working relationships with local DRMO personnel and adapting procedures to the initial property flow.

D. BUSINESS PLAN. Management and Organization. The proposal shall demonstrate that the corporate and project organizations of both the Contractor and the Purchaser (to be formed by the Contractor to satisfy the requirements of the contract) support the level of effort required to improve the net proceeds received upon resale of the property to be acquired under the proposed contract.

1. **Project Organization.** The bidder shall describe how its own, the Purchaser's and any proposed subcontractors' organizations plan to manage the contract, including the services to be provided by subcontractors, with respect to both Contractor duties and Purchaser operations. The relationship of the Purchaser's organization to other Contractor management structures up to and including senior management, the responsibilities of the Purchaser's management and its authority to commit corporate resources to overcome obstacles, the Purchaser's authority to draw upon Contractor funds to fulfill the requirements of the contract, the Purchaser's relationship to, and control of, major subcontractors, and the proposed method of liaison with the Government (apart from required written reports) should be provided. If the prospective bidder is newly formed for the purpose of performing this contract, provide a copy of the joint venture agreement or other organizing documents in the appendices to the technical proposal.

2. **Personnel and Staffing.** Supply names and resumes of the proposed Chief Executive Officer of the Purchaser and all other Key Persons of both the Purchaser and Contractor (including

employment history with the Contractor and/or prior employers) and principal assistants. Include experience on similar projects. Provide in your plan estimates of the number of personnel required by the Purchaser by function.

3. **Risk Factors.** Discuss risk factors that are involved in successfully completing this contract as related to requirements, scheduling, logistics and financial capacity.

4. **Financial Plan.** Provide a five (5) year financial projection with regard to gross revenues, the costs of contract operation, and Contractor profits that demonstrates an understanding of the scope of the work and the financial requirements of the contract. Provide an estimate of the range of Contractor working capital required to fund the financial requirements of the contract, including the Payment Deposit, Direct Cost Advances and Purchase Advances, and explain the calculations that support your estimate.

5. **Financial Capacity.** The bidder must provide as part of its technical proposal, with reference to its Financial Plan and the bidder's projected working capital requirements for satisfactory performance of the contract, evidence of (a) sufficient financial capacity to fund the Purchaser's operations, and (b) the source(s) of the required capitalization. Your demonstration should be sufficiently detailed to show clearly that the prospective Contractor has sufficient financial capacity to meet all financial requirements and contingencies associated with performing the contract. Provide as much financial information as is necessary to support your demonstration of financial capacity and assist DRMS in its due diligence. As one element of this demonstration, each bidder must include in its technical proposal the following:

(i) Written evidence of a credit facility in place as of a date that is within the thirty (30) days immediately preceding submission of the technical proposal, granted by a federally insured financial institution in a total amount (including both the portion drawn upon and the unused portion that remains available) that is no less than three million dollars (\$3,000,000.00) (if the prospective bidder is a newly formed joint venture, provide evidence of either venturer having such credit facility in such minimum amount, or that the venturers' facilities when added together equal or exceed such amount), and

(ii) A written commitment from such institution that (a) conditional upon award of the contract to the bidder within one hundred twenty (120) days of submission of the technical proposal, a credit facility shall be made available to the bidder, with an initial unused portion available to be drawn upon in at least such

minimum amount (the bidder's "Dedicated Borrowing Capacity"), and that (b) such Dedicated Borrowing Capacity shall remain available to the bidder for at least twelve (12) months following the date of award, and

(iii) The written commitment of the bidder to draw upon such Dedicated Borrowing Capacity solely for the purpose of funding the Payment Deposit, Direct Cost Advances and Purchase Advances.

6. **Experience.** Provide the name, address, phone number, contract number (if applicable) and a brief description of the services, of either commercial clients or government agencies, for which prior comparable services have been rendered within at least the last three (3) years. Bidder must provide evidence of demonstrable experience in business arrangements involving the removal and resale (while adding value) of large and varied quantities of used or surplus property (such as that covered by the Draft IFB). The experience of the bidder and all Key Persons should be submitted.

E. **APPENDICES.** Provide at minimum a five (5) year financial history (annual income statements and balance sheets), and any other supplemental or supporting technical or financial information deemed necessary by the bidder.

If your business structure is such that additional financial information is necessary to establish the requisite financial capacity, such as financial statements of general partners or joint venturers, you must include that information.

III. SUBMISSION OF PROPOSALS, LATE SUBMISSIONS AND MODIFICATIONS OF TECHNICAL PROPOSALS UNDER TWO-STEP FORMAL ADVERTISING

Technical proposals and modifications thereof must be delivered by 4:30 p.m. EDT on August 14, 1997, to Defense Reutilization and Marketing Service, Federal Center, Room 2-3-72, 74 Washington Avenue N., Battle Creek, MI 49017-3092, ATTN: Cheri Reece. Any technical proposals or modifications thereof received after 4:30 p.m. EDT on August 14, 1997 will not be considered. Technical proposals and modifications sent by facsimile are not acceptable.

The only acceptable evidence to establish the time of receipt by the Government is the time/date stamp at the Defense Reutilization and Marketing Service Marketing Directorate.

IV. EVALUATION CRITERIA

The evaluation of the Operational and Business Plans will consider completeness and clarity, degree of compliance with the RFTP, and the likelihood that the approach will meet the Government's objectives. The Operational and Business Plans are considered to be of equal importance. Each

factor will be rated as acceptable, reasonably susceptible to being made acceptable, or unacceptable. The introduction and any supplemental information provided will be evaluated only in conjunction with the whole technical proposal and only to the extent that they support the individual plans discussed above. A technical proposal will not be technically acceptable unless it is determined technically acceptable for each plan. If a proposal contains a significant deficiency for a plan, it will not be considered technically acceptable for that specific plan. A deficiency is defined as that part of a bidder's proposal that would not meet the Government's objectives on this contract. Acceptability of each technical proposal will be based upon (1) compliance with the requirements of the foregoing paragraphs concerning content of the technical proposal including, at a minimum, information satisfying the elements in each paragraph or subparagraph of the operational and business plans; (2) the technical proposal, clearly demonstrating that the bidder understands the scope and nature of the Draft IFB requirements; and (3) evaluation of the reasonable likelihood that the proposed technical proposal will meet the Government's objectives on this contract.

V. ORAL OR WRITTEN DISCUSSIONS

The Government may request clarifying or supplemental information and/or conduct oral or written discussions with bidders whose technical proposals are rated reasonably susceptible to being made acceptable. The Government may, however, make a final determination whether a proposal is acceptable or unacceptable solely on the basis of the proposal as submitted and proceed directly to the second step of this sale without requesting or permitting the submission of further information from any bidder. Therefore, each initial technical proposal submission should contain the bidder's best terms from a technical standpoint.

VI. NOTIFICATION OF UNACCEPTABLE PROPOSALS

When a technical proposal is rated unacceptable (either initially or after clarification/discussions), the Sales Contracting Officer will notify the bidder of the basis of the determination and that a revision of the proposal will not be considered. Upon written request and as soon as practical after award, the Sales Contracting Officer will debrief unsuccessful bidders.

VII. ATTACHMENT: DRAFT IFB (PROVIDED FOR INFORMATION ONLY)

Attached is the proposed Invitation for Bids (IFB) to be issued under Step Two. Your technical proposal should comply with the requirements set forth therein. The proposed IFB is provided for information only. You are not to complete any forms herein nor are you to provide any bid prices with submission of your Step One technical proposal.

The Government fully intends to offer the proposed solicitation as contained herein. However, the Government reserves the right to make changes to the proposed solicitation if such changes are deemed in the best interest of the Government. Any such changes from the proposed IFB will be highlighted in the final IFB. Should any such change make an otherwise acceptable technical proposal unacceptable that bidder will be contacted for further clarifying information.